

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 DODE-00 PM-04 SIG-01 IGA-02 SS-15 AID-05
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TO AMEMBASSY ANKARA PRIORITY
INFO AMEMBASSY ATHENS
AMEMBASSY BONN
AMEMBASSY LONDON
USMISSION NATO
AMEMBASSY NICOSIA

C O N F I D E N T I A L STATE 051903

E.O. 11652: GDS

TAGS: MASS, TU

SUBJECT: TURKISH PROBLEMS WITH THIRD PAYMENT ON F-4
CONTRACT

1. TURKISH AMBASSADOR ESENBEL CAME IN MARCH 7 AT HIS
REQUEST TO DISCUSS WITH DEPOFF PROBLEM OF FUNDING THIRD
PAYMENT, DUE MARCH 31, ON THE TURKISH F-4 CONTRACT.
ESENBEL ASKED IF IT WOULD BE POSSIBLE TO FUND THE FMS CON-
TRACT THROUGH THE TURKISH NATIONAL BUDGET PENDING CONGRESS-
IONAL APPROVAL OF THE DCA OR UNTIL CONGRESS ACTS ON FY 1978
SECURITY ASSISTANCE PROGRAM; OR IF THAT COURSE PROVED
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UNWORKABLE, WHETHER AN IRREVOCABLE COMMERCIAL LETTER OF
CREDIT COULD BE OPENED BY THE TURKISH GOVERNMENT TO COVER
PAYMENTS UNDER THE FMS CONTRACT, AS PROPOSED BY MCDONNELL
DOUGLAS. ESENBEL STATED THAT THE TURKISH GOVERNMENT WAS
MEETING TO CONSIDER THIS PROBLEM ON MARCH 10 AND THEREFORE
HOPED TO HAVE A RESPONSE BY MARCH 9. HE REAFFIRMED THE
FAMILIAR TURKISH POSITION THAT FOR POLITICAL AND PROCEDURAL

REASONS, CONVERSION OF THE FMS CASE TO A COMMERCIAL CONTRACT WAS "OUT OF THE QUESTION".

2. DEPOFF TOLD ESENBEL THAT CURRENT LEGISLATION DID NOT PERMIT FUNDING OF THE F-4 FMS CONTRACT THROUGH TURKISH NATIONAL RESOURCES ONCE THE DOLS 250 MILLION FMS CEILING

FOR TURKEY FOR FY 1976-77 HAD BEEN REACHED. THE PASSAGE OF NEW LEGISLATION TO RELIEVE THIS PROBLEM WAS A HYPOTHETICAL POSSIBILITY BUT UNLIKELY TO OCCUR BY MARCH 31. DEPOFF SAID HE UNDERSTOOD THERE WAS, HOWEVER, SOME FLEXIBILITY IN THE PAYMENT DATE WHICH WOULD PRESUMABLY ALLOW MORE TIME TO FIND A SOLUTION. DEFENSE DEPARTMENT IS DETERMINING LEGALITY OF FUNDING THE FMS CASE THROUGH A COMMERCIAL LETTER OF CREDIT. DEPOFF PROMISED A RESPONSE TO ESENBEL QUESTIONS AS SOON AS POSSIBLE, WELL BEFORE MARCH 31 ALTHOUGH PROBABLY NOT IN TIME FOR MARCH 10 TURKISH MEETING.

3. FYI ONLY: AS NOTED ABOVE, WE HAVE UNDER CONSIDERATION ALL ASPECTS OF THE FUNDING PROBLEM BUT CANNOT BE CERTAIN AT THIS TIME THAT ANY SOLUTION OTHER THAN CONVERSION TO COMMERCIAL CONTRACT WOULD BE POSSIBLE.

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 09-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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